



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Michael O. Leavitt
Governor

David T. Terry
Director

675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818
801-538-5100
801-355-0922 (Fax)

February 25, 1997

William Bown
842 W. 400 N.
Bountiful, UT 84087

RE: ML 44791--BSLS

Dear Mr. Bown,

This letter will acknowledge your telephone call to me, today, responding to my letter of February 24, 1997. You stated on the telephone that you do not own and did not place the junk or in-operable equipment located in the northwest corner of the leased lands. I acknowledge your disclaimer and ask that you provide the Division of Oil, Gas & Mining with any knowledge you may have as to the party who may be responsible for this disturbance.

I also understand that you are not operating upon the leased lands at the present time. Please remain mindful of Article XII of the lease agreement, requiring you to notify and provide the Trust Lands Administration with a plan of operations at least 60 days in advance of the commencement of any exploration, mining or extraction of the leased substances from the leased lands. Notification to the Division of Oil, Gas & Mining or any other state or federal agency does not satisfy the requirements of Article XII. You must notify the Trust Lands Administration, in addition to meeting the notification requirements of all other government agencies having jurisdiction over the activity.

Article XII of the lease gives the Trust Lands Administration authority to require a bond from the Lessee. Bonds are held for reclamation and also for the payment of royalties which may accrue. You are not required to submit a bond at this time, but you are hereby requested to submit a bond prior to the commencement of any exploration, mining or extraction of the leased substances from the leased lands. The amount of the bond will be determined upon my receipt of your notice of intent to commence operations. Thank you for your cooperation.

Sincerely,

John T. Blake

cc: Lynn Kunzler